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Written Testimony of Lisa Ruby  
on behalf of the Michigan Poverty Law Program

Appropriations Committee  
Hearing on SB 897

May 2, 2018

Chairman Cox and members of the Appropriations Committee, my name is Lisa Ruby. I am the public benefits attorney at the Michigan Poverty Law Program (MPLP). The Michigan Poverty Law Program is the statewide support center for Legal Services programs in Michigan. As the public benefits attorney at MPLP, I provide research, training, and litigation support to Legal Services offices statewide and engage in legislative and administrative advocacy. In providing support to attorneys throughout the state, I regularly come in contact with those working with recipients of food, medical and cash assistance and am familiar with the challenges these families face on a daily basis. I am here to express a few of my concerns with the proposed bill and why it will negatively impact Michigan residents.

According to an article in the Journal of American Medical Association (JAMA), the majority of individuals who are enrolled in the Healthy Michigan Plan are already working, or they are not able to.<sup>i</sup> The study found that:

- 48.8 percent are employed or self-employed full or part time -- though their incomes were all below 133 percent of the federal poverty level, about \$15,800 for an individual and \$32,300 for a family of four.
- 27.6 percent are out of work
  - Of these, one-third said they were in fair or poor health
  - Two thirds of those out of work said they had a chronic physical illness, and 35 percent said they had been diagnosed with a mental illness.
  - One-quarter of those out of work said they had a physical or mental impairment that interfered with their ability to function at least half the days in the last month.
- 11.3 percent said they were unable to work. Of these, 73.4 percent reported being in fair or poor health.



- 2.5 percent said they were retired
- 5.2 percent said they were students
- 4.5 percent said they were homemakers

Despite statements by the CMS director and others that work leads to better health outcomes, it must be recognized that work does not heal physical or mental impairments. For those who are able to work, most certainly it can lead to a greater quality of life. However, for those unable to work or work full-time, it is nonsensical to require work in order to obtain healthcare. The “chains of poverty” will not be broken by taking health insurance away, and no one will reach their highest potential when they are unable to see a doctor.<sup>ii</sup>

### **What will be the cost/savings to the state?**

No one seems to know. The analysis by the Senate Fiscal Agency was unable to draw any conclusions about the fiscal impact on the state. In practical terms, the Michigan Department of Health and Human Services (DHHS) will be required to redesign its software program, Bridges, in order to accommodate the proposed changes to Medicaid eligibility. Reporting and verification will become more cumbersome, especially for small business owners and individuals with fluctuating hours. Significant administrative resources and IT system redesign will be needed to implement and support ongoing operations of the proposed work requirements and penalties.

DHHS is already struggling to stay within its budget with the implementation of the second phase of the Healthy Michigan Plan, requesting \$6 million to cover six months of costs in 2018 alone. Implementing the requirements of this bill will be more complicated, as it requires a completely new system of verifying eligibility and exemptions. Software will need to be built for another administratively complicated system that will exempt certain individuals while approving others. An example of this burden is the recent transition of about 14,000 individuals who are being migrated from the Healthy Michigan Plan to private insurance due to the second

Medicaid expansion waiver. State run toll-free numbers are unable to handle the volume of calls being generated by letters sent out to this population. Hundreds of appeals are being filed by those whose income is being calculated incorrectly or who have already completed a healthy behavior. In sum, people are being illegally terminated from Medicaid, and it is causing a drain on state and consumer capacity. The extremely cumbersome reporting requirements of this bill will lead to even greater disruption and need for remedial services. These additional costs would be worth it if they led to an increase in Medicaid enrollment, but it is clear that the requirements in this bill are targeted toward reducing enrollment.

## **Conclusion**

The proposed legislation does not empower or incentivize Michigan residents to improve their health. Good health is a reward on its own, and access to medical care is the tool that permits this outcome. Work requirements serve only to remove individuals from Medicaid. The state will save money as Medicaid enrollment is reduced, but there will be a toll on families and communities. Community engagement, including employment, can lead to better health outcomes, but this legislation is putting the cart before the horse.

Thank you for the opportunity to submit these comments. Please contact me if you have any questions.

Lisa Ruby  
Staff Attorney

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<sup>i</sup> <http://ihpi.umich.edu/news/most-who-enrolled-michigan%E2%80%99s-medicaid-expansion-either-already-work-or-can%E2%80%99t-work-study-shows>

<sup>ii</sup> <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-11-07.html>

**Time Limited Food Assistance****SB 897 (S-2)**

|   |                   |
|---|-------------------|
| Age 18-49   | 19-64             |
| 20 hours required                                       | 29 hours          |
| Physically or mentally unable to work 20 hours          | Similar           |
| In substance use treatment center                       | Same              |
| Caring for child under the age of 18                    | Child under age 6 |
| Pregnant  | Same              |
| Caring for person with disability                       | Same              |
| Attend school at least half time                        | Full-time student |
| Victim of domestic violence                             | Same              |
| Receives unemployment benefits                          | Same              |
| Receives disability benefits                            | Same              |
| Homeless  | Similar           |
| Participating in Michigan Rehabilitative Services (MRS) | No                |
| Community service counts                                | No                |